

COORDINATION AGREEMENT

Montana DNRC
Trust Land Management Division
1625 11th Avenue
Helena, Montana 59620-1601

Great Northern Properties, LP
1658 Cole Boulevard
Golden, Colorado 80401

I. Purpose

This agreement sets forth the mutual intentions of the Montana Department of Natural Resources and Conservation, Trust Land Management Division (DNRC) and Great Northern Properties LP (GNP) to proceed towards cooperative leasing of their respective checkerboard coal land interests in the Otter Creek coal reserve near Ashland, Montana.

This agreement shall not supersede existing laws, rules or regulations, nor require commitment of manpower or funds by either party.

II. Background

Recent events, including (1) the transfer of 7,623 acres of federal coal mineral rights consisting of more than 500 million tons of coal to the State of Montana, and (2) the enactment into law of Senate Bill 409 (the Otter Creek Economic Development Act), place DNRC and GNP (the parties) in a better position to coordinate the leasing efforts for their intermingled coal ownership. In particular, the Otter Creek Economic Development Act provides a mechanism for the DNRC to engage in certain pre-lease activities that would set the stage for timely leasing and development of the State of Montana's interests, along with those of GNP, in order to attain the fair market value and optimum monetary returns to the public school fund.

The DNRC and GNP have therefore discussed their mutual and seemingly compatible interests. On the basis of these discussions, the parties conclude that it may be in the best interests of both parties to consider the coordinated inventorying and leasing of their respective Otter Creek coal ownership. More particularly, the opportunity to successfully lease and develop these intermingled tracts is expected to be greater if leases are offered in a coordinated process than proceeding separately.

III. Leasing Components of Mutual Interest

Given the apparent shared perspectives, the parties presently intend to pursue the concept of coordinated leasing, with final acceptance being expressly contingent upon the parties' mutual concurrence with the final lease terms, conditions, and procedures approved by the Montana State Board of Land Commissioners for the leasing of the State's coal ownership. The specific components of such leasing process include, but are not limited to, the following:

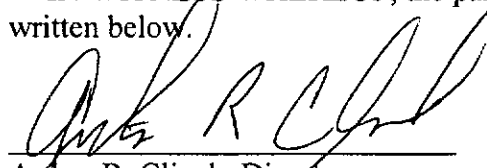
- 1) Inventories and Assessments: The DNRC and GNP will share information from which each party may separately inventory and assess the fair market leasing value of their respective coal ownership interests to be offered for competitive lease.
 - a) DNRC is expected to collect certain drill hole and core sample analyses, conduct a preliminary archaeological inventory, and prepare a lease valuation analysis covering State coal ownership in the Otter Creek coal reserve area. The 2001 Montana Legislature included authorization for DNRC to expend up to \$300,000 towards these efforts. DNRC has initially budgeted \$200,000 for drill hole and core sample analyses, and \$100,000 for preliminary archaeological survey and lease valuation analysis. Any information gathered by DNRC is public information, and GNP shall have access to same.

- b) GNP possesses substantial proprietary technical and feasibility information concerning its Otter Creek lands, including drill hole data, core sample analyses and consultant studies. GNP expressly retains control and ownership of said information, but will provide DNRC and its representatives access to said information for DNRC's use in devising its drilling program, augmenting or confirming coal resource and fair market leasing value analyses, and associated purposes. Any other use of said information by DNRC and its representatives is expressly prohibited unless authorized, in writing, by GNP. GNP, in its sole discretion, may determine whether, when, and in what manner to release any portion of said information from proprietary status, and unless and until GNP determines to release all or any portion of said information from proprietary status, DNRC and its representatives shall hold such information strictly confidential, subject to any applicable requirements of Art. II, Section 9 of the 1972 Montana Constitution.
- 2) Selection of Lease Blocks: The DNRC and GNP intend to mutually agree, on the basis of information and analyses available for each party's respective coal ownership, on the size and boundaries of blocks that may be offered for competitive leasing.
- 3) Coordinated Leasing: While each party would execute separate leases covering their respective coal ownership, the parties intend that DNRC would offer the one or more blocks for competitive bidding and administer the leasing process for both parties. GNP would abide by the commercial terms established by the DNRC for its coal ownership, provided that such terms meet certain minimums to be established by GNP, taking into account the results of inventory and assessment information and analyses. The process for coordinated leasing would be undertaken by DNRC consistent with the procedures established by the State of Montana pursuant to applicable coal leasing statutes and administrative rules.
- 4) Schedule: DNRC currently anticipates completing drill hole and core sample analysis, preliminary archaeological inventory, and if appropriate, lease valuation analysis by December 31, 2004. The parties currently anticipate that the competitive bid offering would occur within one year following the receipt of an approval to proceed from the Montana Board of Land Commissioners.

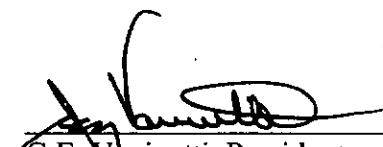
IV. Termination and Acceptance

Either party may terminate consideration of coordinated leasing activities at any time by providing written notice of such termination to the other party. In the event that the parties mutually agree to offer a block or blocks of consolidated lands for competitive leasing, the parties will execute a definitive agreement regarding the details of the coordinated bidding process prior to such offering.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the last date written below.


Arthur R. Clinch, Director
Department of Natural Resources & Conservation

Date: 12-1-03


G.E. Vaninetti, President
Great Northern Properties L.P.

Date: 12-8-03